

Message Text

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SUBJ: PLANNING COMMISSION VICE CHAIRMAN GIVES OPTIMISTIC VIEW
 OF POLISH ECONOMY

1. SUMMARY. VICE CHAIRMAN OF THE PLANNING COMMISSION OLESIK
GAVE THE AMERICAN BUSINESS COMMUNITY AN UPBEAT PRESENTATION ON
THE POLISH ECONOMIC SITUATION JANUARY 18. OLESIK'S PITCH WAS
OVERLY OPTIMISTIC, BUT IT DEMONSTRATED THE REGAINED SELF-CONFI-
DENCE WHICH POLISH OFFICIALS HAVE BEEN TRYING TO PROJECT LATELY.
END SUMMARY.

2. ANSWERING QUESTIONS AT THE INFORMAL MONTHLY LUNCHEON OF
REPRESENTATIVES OF US FIRMS HAVING OFFICES IN POLAND, OLESIK SAID
THE COUNTRY'S SUPPLY PROBLEMS, APART FROM MEAT, ARE WELL IN
HAND AND THE DEBT SITUATION IS MANAGEABLE PROVIDED NORMAL WEATHER
PREVAILS FOR THE 1977 CROPS.

3. OLESIK SAID THAT IN 1976 THE INCREASE IN THE SUPPLY OF GOODS
TO THE MARKET EXCEEDED THE INCREASE IN INCOMES BY A COMFORTABLE
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MARGIN. HE SAID THE GIEREK REGIME IS ALSO PLEASED THAT THE
PRESSURE TO BUY UP WHATEVER BECAME AVAILABLE HAS SLACKENED CON-
SIDERABLY. HE NOTED THAT THERE ARE NOW SOME 500,000 BLACK AND
WHITE TV SETS IN WAREHOUSES, SHOWING THAT SUPPLY IS FAR EXCEEDING
DEMAND. HE SAID THE SAME SITUATION WOULD BE OCCURRING IN OTHER
CONSUMER ITEMS AS NEW PRODUCTION FACILITIES CAME ON STREAM.
AT PRESENT PRICES, OLESIK ADMITTED THAT A TRIPLING OF THE SUPPLY

OF MEAT PROBABLY WOULD NOT SATISFY POLISH DEMANDS AND THAT SOME PRICE RISES WOULD HAVE TO BE TRIED AT AN APPROPRIATE MOMENT.

4. TO GET THE SUPPLY SITUATION MORE FIRMLY IN CONTROL, THE GOVERNMENT HOPES TO HOLD REAL WAGE INCREASES TO ABOUT 2 PERCENT THIS YEAR, WHILE HAVING THE SUPPLY TO THE MARKET INCREASE BY OVER THREE TIMES THAT PERCENTAGE. HE ADMITTED THAT WAGE INCREASES COULD NOT BE HELD TO THAT LOW A RATE FOR VERY LONG, BUT FELT THAT ONE YEAR WOULD BE ALL THAT WAS REQUIRED.

5. ACKNOWLEDGING THAT ITS LARGE HARD-CURRENCY DEBT IS ONE OF THE COUNTRY'S MAJOR DIFFICULTIES, THE VICE CHAIRMAN MAINTAINED THAT THIS PROBLEM IS ALSO WELL IN HAND. HE SAID POLAND'S FOREIGN EXCHANGE RESERVES ARE UNTOUCHED, THAT ITS DEBT SITUATION IS NO DIFFERENT FROM THAT OF MANY WESTERN COUNTRIES IN THIS FAR-FROM-NORMAL INTERNATIONAL ECONOMIC SITUATION. OLESIK INSISTED THAT POLAND HAS NOT REACHED ITS BORROWING CAPACITY, EVEN THOUGH ITS DEBT AND BALANCE-OF-PAYMENTS SITUATIONS ARE MAJOR CONSTRAINTS FOR ECONOMIC PLANNERS.

6. POLISH ECONOMIC PLANS, ACCORDING TO OLESIK, ARE BASED ON WORST-CASE ASSUMPTIONS CONCERNING EXPORT PRICES AND THE BUOYANCY OF WESTERN ECONOMIES. IF WESTERN MARKETS ARE MORE RECEPTIVE TO POLISH EXPORTS THAN ANTICIPATED, INVESTMENTS AND IMPORTS CAN BE INCREASED ABOVE PLANNED LEVELS.

7. OLESIK ADMITTED THAT POLAND PROBABLY HAD INVESTED AT TOO RAPID A PACE IN RECENT YEARS AND THAT THE CURRENT EFFORTS TO SLOW THAT PACE WOULD AFFECT SOME PROJECTS OF INTEREST TO US FIRMS.
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HE EMPHASIZED THAT THERE REMAINS A MUCH LARGER ROLE FOR US COMPANIES TO PLAY IN POLAND AND HE HOPED THEY WOULD MOVE ENERGETICALLY TO TAKE ADVANTAGE OF ALL OPPORTUNITIES.

8. COMMENT: OLESIK'S PRESENTATION WAS OBVIOUSLY DESIGNED TO COUNTERACT SOME OF THE PESSIMISTIC ARTICLES WHICH ARE APPEARING IN THE WESTERN PRESS, AND HE STRETCHED THE FACTS TO FIT HIS PURPOSE. NEVERTHELESS, WE BELIEVE HIS PRESENTATION, AND SIMILAR ONES MADE RECENTLY TO OTHER WESTERN OBSERVERS, REFLECT AS WELL THE GREATER SELF-CONFIDENCE WHICH POLISH AUTHORITIES ARE BEGINNING TO FEEL NOW THAT THEY HAVE SUCCESSFULLY GOTTEN-THROUGH THE HOLIDAY SEASON AND HAVE FINALLY SETTLED ON A SERIES OF ECONOMIC MEASURES TO DEAL WITH THEIR DIFFICULT PROBLEMS.
END COMMENT.
BROWN

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